# Scrutiny over palm oil mill effluent in Europe's biofuels sector



The use of palm oil mill effluent (POME) in Europe’s biofuels sector has come under scrutiny following a recent analysis by Transport & Environment (T&E). POME, a waste product derived from palm oil production, is currently classified under EU law as a residue, making it eligible for various sustainability incentives. However, T&E's findings suggest that a significant portion of POME reported in the EU biofuel mix may actually be conventional palm oil mislabelled as waste.

In 2023, over 2 million tonnes of POME oil were consumed across European biofuels, according to the report. This figure notably surpasses the estimated global availability of 1 million tonnes, prompting T&E to assert that actual collectable volumes are likely even lower. Cian Delaney, a policy officer at T&E, stated, “It appears a lot of POME could be just palm oil in disguise,” emphasising concerns regarding the authenticity of the renewable diesel or hydrotreated vegetable oil (HVO) derived from these materials. He further suggested a need for the elimination of policy incentives that allow dubious biofuel feedstocks to enter the European market as purportedly sustainable fuels.

The rise of HVO has positioned it as a renewable diesel option purported to offer emissions savings of up to 95% compared to conventional fossil diesel. This has led many fleet operators across Europe to adopt HVO in an effort to reduce their carbon footprints without incurring substantial vehicle modification costs. However, should it be revealed that the feedstocks for HVO are misrepresented, the emissions savings could be significantly overstated. This could present compliance and reputational risks particularly for transport companies committed to environmental, social, and governance (ESG) criteria.

The use of conventional palm oil in EU biofuels peaked at approximately 3 million tonnes in 2019 but saw an 80% reduction by the close of 2023, largely due to the EU's decision to phase out palm-based biofuels by 2030. In response to this decline, fuel producers have pivoted towards waste-based alternatives, incorporating used cooking oil, animal fats, and POME, which, according to T&E, now constitutes 40% of EU biofuels. Nonetheless, concerns persist regarding the possibility of palm oil re-entering the EU market incorrectly classified as these waste materials.

T&E’s analysis highlighted significant discrepancies in POME consumption concentrated within four EU member states: Spain, Italy, the UK, and Germany. Spain alone accounted for a third of all biofuels derived from POME in 2023, while nearly 20% of Italian biofuels relied on this source. In Germany, POME consumption quadrupled from 2021 to 2022, remaining stable in 2023 despite fluctuations in prices and increased imports. The UK's ranking as a top consumer of POME-based fuels further underscores the potential implications these findings have for regulatory compliance and trade considerations.

The surge in POME usage has also influenced commodity markets, with T&E reporting that by mid-2024, POME prices had reached 90% of palm oil prices. This raises questions about the continued classification of POME as a waste residue. Current EU renewable energy regulations favour waste feedstocks, granting them preferential treatment such as double-counting towards renewable targets and enhanced subsidy eligibility. A change in POME’s classification could significantly affect costs and access to financial incentives for both oil companies and transport operators who have increasingly relied on it.

To further complicate matters, recent export data from the Indonesian government suggests that POME exports in 2023 and 2024 exceeded their projected production levels. Indonesia is the world’s largest producer of palm oil, and the discrepancies in its export figures lend support to T&E’s claims, intensifying the urgency for policymakers in the EU to address the allegations.

In light of these developments, T&E has called for the removal of dedicated policy incentives for POME-based fuels and the establishment of stronger verification mechanisms to safeguard the integrity of biofuel feedstocks. The report highlights a dilemma for the logistics and road transport sectors, as companies face increased pressure to reduce emissions while transitioning from fossil fuels. With the integrity of HVO now in question, transport operators may find it prudent to reassess their fuel procurement strategies in light of potential implications for both climate goals and corporate compliance.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.transportenvironment.org/articles/renewable-diesel-likely-contains-fraudulent-palm-oil-study> - This article supports the claim that the amount of POME used in EU biofuels exceeds global supply, raising concerns about fraud and mislabelling as sustainable renewable fuels.
* <https://healthandsafetyinternational.com/article/1913590> - This source corroborates T&E's findings and highlights concerns over fraudulent palm oil being mislabelled as POME, impacting the sustainability of biofuels.
* <https://www.transportenvironment.org/uploads/files/202504_POME_fraud_Report.pdf> - This PDF report by T&E provides detailed analysis on POME usage in EU biofuels, documenting significant discrepancies between reported consumption and actual availability.
* <https://www.expanamarkets.com/insights/article/european-biofuels/> - This article mentions European concerns over potential fraud in palm-based biofuels, including suspicions that palm oil is being passed off as authorized biofuel components like POME.
* <https://www.eia-international.org/news/alarming-rise-in-palm-oil-products-being-imported-into-the-eu-to-make-biofuels-due-to-loophole/> - This article details how loopholes in EU regulations allow unsustainable palm oil products to enter the market, often mislabelled as waste or residues for biofuel production.