



Policy brief

Availability of EU Deforestation Regulation-relevant information for the palm oil sector in Malaysia

Key points

- The European Union Deforestation Regulation (EUDR) requires relevant commodities¹ including palm oil that are placed on or exported from the EU market after 30 December 2025 to be deforestation-free, and produced in accordance with the relevant legislation of the country of production².
- EU operators and traders will be responsible for submitting a statement confirming that due diligence according to Articles 9 (Information Requirements) and 10 (Risk assessment) has been carried out and that products are produced in accordance with the EUDR's legal and deforestation-free requirements.
- Under EUDR Articles 9 and 10, 23 areas are identified in which EU operators and traders will require information for conducting due diligence. Potential sources of information in Malaysia include the Malaysian Sustainable Palm Oil (MSPO) certification and associated systems (i.e., MSPO Trace), various Malaysian Palm Oil Board (MPOB) sources (Prestasi Sawit Malaysia, SIMS) and government and non-governmental reports.

¹ Cattle, cocoa, coffee, palm oil, rubber, soya and wood.

² On October 2, 2024, the European Commission [announced](#) a 12-month extension, pushing the start date to December 30, 2025, for larger companies and to June 30, 2026, for micro small and medium enterprises. The proposal is subject to approval by the European Parliament.

- While these sources provide useful information at the plantation and supply chain levels, gaps remain in relation to geolocation information and traceability, and regarding official data on forests and indigenous peoples.
- To improve information availability, accelerate EUDR readiness in Malaysia and support a transition to full traceable, legal and deforestation-free palm oil production, several points need to be considered, including:
 - harmonising key concepts and definitions,
 - enhancing roll-out of the MSPO 2022 standards and making MSPO certification and audit reports publicly available,
 - introducing additional regulatory measures to reinforce legal and deforestation-free production,
 - upgrading and integrating national data systems to support traceability,
 - enhancing reporting and accessibility of information on indigenous peoples.

This brief is based on the EFI report on “[Reinforcing deforestation-free palm oil supply chains: options for Malaysia in the context of EU and global legislation](#)” and focuses on the availability of information, data and documents in Malaysia to meet requirements outlined in EUDR Article 9 (Information requirements), and Article 10 (Risk assessment) with respect to palm oil. Information available in relation to Article 29 (Assessment of countries) is also presented. The study was conducted through a desk review and stakeholder consultations.

1. Global deforestation-free commodity requirements, the EU Deforestation Regulation (EUDR), and relevant frameworks in Malaysia

In response to forest and biodiversity loss and climate change, states, investors and companies are reshaping the global trade and investment landscape to address drivers of deforestation and promote sustainability. The agricultural commodity sector has often been linked to biodiversity loss, climate change, and violations of human and labour rights³. Regulations aiming to ensure deforestation-free commodity supply chains, such as those emerging in the EU, the UK and the US, place responsibility on supply chain actors and demand greater accountability from governments and businesses in supporting global efforts to halt deforestation and mitigate climate change.

The most advanced global regulation aimed at reducing forest loss is the European Union Deforestation Regulation (EUDR) which aims to minimise the EU’s contribution to deforestation and forest degradation worldwide and reduce the EU’s contribution to greenhouse gas emissions and global biodiversity loss. The regulation covers products including palm oil, wood, rubber, cocoa, coffee, soya and cattle. Addressing the EUDR’s

³ Hannah Ritchie (2021) - “Drivers of Deforestation” Published online at OurWorldInData.org. Retrieved from: <https://ourworldindata.org/drivers-of-deforestation> [Online Resource]

goals requires support from producers and supply chains actors, particularly in improving product traceability.

The EUDR sets due diligence rules for EU operators placing relevant products on the EU market or exporting them from the EU. Operators and traders will have to confirm through a due diligence process that relevant products entering or leaving the EU are deforestation free (produced on land that was not subjected to deforestation after 31 December 2020) and produced in accordance with the relevant legislation of the country of production⁴. Operators and traders that are not micro, small and medium-sized enterprises (SMEs) will need to comply with the new rules by 30 December 2025 if the proposed amendment of the EUDR is agreed, while SMEs will have an six additional months.

The goal of producing legal and deforestation-free palm oil is consistent with Malaysian policies. The National Agricommodity Policy (2021-2030) or DAKN 2030, enforces existing policies that restrict the total national oil palm plantation area to 6.5 million hectares, prohibit new oil palm planting in peatlands, limit permanent forest conversion, and make official oil palm plantation maps available to the public.

Private sector No Deforestation, No Peat, No Exploitation (NDPE) commitments reinforce the palm oil sector's efforts to implement and demonstrate legal and deforestation-free production. These commitments made by major palm oil companies in Malaysia aim to ensure that palm oil production does not involve deforestation, peatland destruction or exploitation of workers or local communities. Global buyers, particularly in the EU and North America, prioritise sourcing of palm oil from producers with NDPE policies.

The EU is a significant market for Malaysian palm oil, ranking third after India and China and accounting for 7.1% of total palm oil exports in 2023, down from 9.4% in 2022. Malaysia could therefore benefit from making information available to help meet the requirements of the EUDR and maintain and/or expand exports of palm oil and palm oil products to the EU and other global markets.

Malaysia can leverage its frameworks for sustainable palm oil production to meet legal and deforestation-free information requirements. The Malaysian Sustainable Palm Oil (MSPO) certification is mandatory for all oil palm growers and is based on the Malaysian legal framework. It has a deforestation cut-off date of 31 December 2019, and an associated information system (MSPO Trace) to support traceability and store information on certified entities. Its mandatory nature provides a basis for full integration of smallholders into EU supply chains once gaps related to EUDR information needs are closed.

⁴ 'relevant legislation of the country of production' means the laws applicable in the country of production concerning the legal status of the area of production in terms of: (a) land use rights; (b) environmental protection; (c) forest-related rules, including forest management and biodiversity conservation, where directly related to wood harvesting; (d) third parties' rights; (e) labour rights; (f) human rights protected under international law; (g) the principle of free, prior and informed consent (FPIC), including as set out in the UN Declaration on the Rights of Indigenous Peoples; (h) tax, anti-corruption, trade and customs regulations.

2. EUDR information needs and information available in Malaysia

A desk study and consultations were undertaken to assess sources and availability of palm oil-related information meeting requirements outlined in EUDR **Article 9** (Information requirements), and **Article 10** (Risk assessment). Information available in relation to **Article 29** (Assessment of countries) was also assessed. **Table 1** provides a summary of results including annotation on the level at which information is available according to five categories:

1. European Commission
2. Malaysian Government (National/State/District)
3. Non-government
4. Supply chain (Mills/refineries/traders)
5. Area of production (Plantations/growers)

A three-tier ranking of the status of information availability is also provided whereby **green** signifies that information is available and accessible, **yellow** indicates that information is partially available and/or accessible, and **red** signifies that information is unavailable.

Overall, the assessment revealed two key points:

- **Several sources of information in Malaysia are relevant to EU operators in conducting due diligence under the EUDR.** Foremost amongst these are the MSPO Trace system, which is part of the Malaysian Sustainable Palm Oil (MSPO) certification; the Malaysian Oil Palm Industry Performance web portal (Prestasi Sawit Malaysia); MPOB's GeoPalm Portal⁵; and MPOB's Sawit Intelligent Management System (SIMS).
- **While much information is available, it's not necessarily accessible.** For instance, the following are inaccessible:
 - Information on MPOB forms,
 - Traceability information in the MPOB Sawit Intelligent Management System (SIMS), information contained in the MSPO Complaints and Grievances mechanism,
 - MPOB's GeoPalm portal is yet to be brought online.

Information gaps in EUDR-relevant areas are summarised in the next section.

⁵ The MPOB's GeoPalm Portal is a national oil palm mapping initiative that aims to develop an open access national oil palm map to further strengthen supply chain transparency.

Table 1: Availability of EUDR-relevant information in Malaysia

EUDR information requirement	European Commission	Government	Non-government	Supply chain	Area of production	Potential source/s of information	Data status
Article 9 Information requirements (text abbreviated)							
(a) a description of the product				✓		MPOB Form Q1, SIMS, company traceability systems	Yellow
(b) the quantity of the relevant products				✓			Yellow
(c) the country of production and, where relevant, parts thereof				✓	✓		Yellow
(d) the geolocation of all plots of land [polygons for >4ha] where the commodities that the product contains, or has been made using, were produced, as well as the date or time range of production				✓	✓	MSPO Trace, public summary of MSPO audit report, MPOB GeoPalm Portal	Yellow
(e) the name, address and email of any business or person from whom they have been supplied with the products				✓		MSPO Trace, SIMs, company traceability systems	Yellow
(f) the name, address and email of any business, operator or trader to whom the products have been supplied				✓			Yellow
(g) verifiable information that the products are deforestation-free	✓	✓	✓	✓	✓	Public summary of MSPO audit report, 2020 forest cover map/s	Red
(h) verifiable information that the commodities have been produced in accordance with the relevant legislation of the country of production		✓		✓	✓	Public summary of MSPO audit report, MPOB License	Yellow
Article 10 Risk Assessment (text abbreviated)							
(a) the assignment of risk to the relevant country of production or parts thereof in accordance with Article 29	✓					EU Commission	Red
(b) the presence of forests in the country of production or parts thereof		✓	✓			Annual reports from JPMS* & state forestry departments	Yellow
(c) the presence of indigenous peoples in the country of production or parts thereof		✓	✓			JAKOA**, DOSM†	Red
(d) the consultation and cooperation in good faith with indigenous peoples in the country of production or parts thereof		✓	✓			Case search and status enquiry through: 1. The Native Courts of Sarawak 2. E-Kehakiman Sabah & Sarawak (Native Court of Appeal) 3. The High Court in Sabah & Sarawak	Green
(e) the existence of duly reasoned claims by indigenous peoples		✓	✓	✓	✓	MSPO Complaints & Grievances mechanism, and public summary of MSPO audit report. NGO reports	Yellow

EUDR information requirement	European Commission	Government	Non-government	Supply chain	Area of production	Potential source/s of information	Data status
(f) prevalence of deforestation or forest degradation in the country of production or parts thereof			✓			No official source (refer to non-government sources e.g. Rimbawatch, Global Forest Watch)	Red
(g) the source, reliability, validity, and links to other available documentation of the information referred to in Article 9(1)		✓	✓	✓		Official registration, independent audits, legal mandates, MSPO Trace, Company NDPE reporting	Green
(h) concerns in relation to the country of production and origin or parts thereof such as level of corruption, prevalence of document and data falsification, lack of law enforcement, violations of international human rights, armed conflict or presence of sanctions		✓	✓			No official source (may need to refer to non-government sources e.g. reports from International Labour Organisation and Human Rights Commission of Malaysia (SUHAKAM), human right groups, etc.)	Red
(i) the complexity of the relevant supply chain and the stage of processing of the relevant products				✓	✓	MSPO Trace	Green
(j) the risk of circumvention of this Regulation or of mixing with relevant products of unknown origin or produced in areas where deforestation or forest degradation has occurred or is occurring				✓	✓	MSPO audit report on supply chain model (MB/SG) and traceability	Yellow
(k) conclusions of the meetings of the Commission expert groups supporting the implementation of this Regulation	✓						
(l) substantiated concerns submitted under Article 31, and information on the history of non-compliance of operators or traders along the relevant supply chain with this Regulation			✓			NGOs	Yellow
(m) any information that would point to a risk that the relevant products are non-compliant		✓	✓	✓	✓	NGOs	Yellow
(n) complementary information on compliance with this Regulation, which may include information supplied by certification or other third-party verified schemes.		✓	✓	✓	✓	Certification audit reports (MSPO, RSPO, ISCC)	Green
Article 29							
(a) rate of deforestation and forest degradation	✓		✓			No official source (refer to non-government sources)	Red
(b) rate of expansion of agriculture land for relevant commodities	✓	✓	✓			MPOB's Malaysian Oil Palm Industry Performance	Green
(c) production trends of relevant commodities and of relevant products	✓	✓				MPOB's Malaysian Oil Palm Industry Performance	Yellow

Note: Green = available and accessible; yellow = partially available and accessible; red = unavailable

* Jabatan Perhutanan Semenanjung Malaysia/Forestry Department of Peninsular Malaysia;

** Jabatan Kemajuan Orang Asli / Department of Orang Asli Development

† Department of Statistics Malaysia

3. Gaps in EUDR-relevant information available in Malaysia

3.1 Geolocation

Geolocation data in MSPO Trace does not fully meet EUDR requirements, as polygons are not available for plantations larger than four hectares. Additionally, although MSPO Trace and audit reports include plantation boundary maps and coordinates, they are not in electronic format and cannot be easily transferred along the supply chain.

With over 200,000 independent smallholders managing more than 800,000 hectares of oil palm plantations across Malaysia, verifying farm boundaries and collecting geolocation information in a sharable format is a key challenge for the sector.

The MPOB's GeoPalm portal is a potential source of geolocation information, but while 70% of the smallholders in Malaysia have been mapped as of September 2024⁶ (mostly in Peninsular Malaysia), the portal is not yet accessible to supply chain actors.

3.2 Legality

The MPOB license and MSPO certification provide evidence regarding the legal status of the area of production in the context of EUDR requirements. Principle 4 of the revised MSPO Standards includes International Labour Organisation (ILO) Forced Labour Indicators and compliance is validated through third-party audit. However, information regarding protection of human rights can be strengthened and made available to EU operators to carry out due diligence.

3.3 Traceability

There is currently no national system in Malaysia that can transfer geolocation information to EU operators and facilitate full traceability of palm oil to the area of production. MSPO Trace cannot trace palm oil derived from land managed by smallholders because dealers are not required to provide traceability information under the MSPO standards. While the MSPO 2022 standard includes a standard for dealers, it is currently not mandatory for dealers to be certified and MSPO Trace cannot currently collect traceability information for dealers. Additionally, under the MSPO Mass Balance supply chain model used by 85% of MSPO-certified mills, palm oil cannot be traced to specific plots of land due to mixing with uncertified sources.

Regarding the Sawit Intelligent Management System (SIMS), dealers and intermediaries have been required to report supplier information since July 2024 as a means of facilitating transaction-based traceability and monitoring by MPOB. However, the system does not

⁶ <https://theedgemalaysia.com/node/726856>

collect or transfer geolocation information and the data privacy clauses in the MPOB Act do not allow traceability information to be shared with supply chain actors or EU operators. Full traceability can only therefore be achieved with the consent of all supply chain actors.

In the above context, full traceability meeting EUDR requirements could be achieved by making dealer certification mandatory, upgrading MSPO Trace, and permitting only segregated MSPO certified palm oil to be exported to the EU.

3.4 Deforestation

In relation to EUDR requirements, several information gaps exist in relation to official sources of data on forests and deforestation:

- Most State Forestry Departments in Peninsular Malaysia provide annual reports on forest areas by protection status (e.g., Permanent Forest Reserve, Forest Plantations) and habitat types (e.g., Terrestrial Forest, Peat Swamp Forest). But states including Sabah, Sarawak, Selangor, Kedah, Perlis and Kelantan do not provide this data.
- Information on forests is usually not available in digital or geospatial formats. When included in spatial plans such as the National Physical Plan or State Structure Plans, maps are only updated every five years. The lack of digital and geospatial data makes it difficult to effectively monitor changes over time and the infrequent updates makes it hard to detect recent deforestation trends. These factors create significant barriers to use such data for tracking and monitoring deforestation. Information and data on forests is collected according to Malaysian definitions rather than EUDR/FAO definitions (see Table 2) making it insufficient to meet EUDR requirements.
- Geospatial and statistical data on “deforestation” and “forest degradation” as per EUDR/FAO definitions are not reported by Malaysia’s State Forest Departments.

In addition to the above, although the MSPO deforestation cut-off date (31 December 2019) precedes the EUDR cut-off date (31 December 2020), different forest definitions are used as outlined in Table 2. As a result, additional information is needed to verify that MSPO-certified palm oil is not from areas that were classified as forest in 2020 according to the EUDR/FAO definition. Recommendations on how to address this gap are included in the [EUDR MSPO Joint Gap Assessment](#) (MSPO & EFI 2024).

Table 2: Definitions of forest and deforestation in the EUDR and MSPO standards

Definition	EUDR	MSPO (MS 2530:2022)
Deforestation	The conversion of forest to agricultural use, whether human-induced or not.	Loss of natural forest as a result of: <ol style="list-style-type: none"> i. conversion to agriculture or other non-forest land use; ii. conversion to a tree plantation; or iii. severe and sustained degradation
Forest	Land spanning more than 0.5 hectares with trees higher than 5 metres and a canopy cover of more than 10% , or trees able to reach those thresholds in situ, excluding land that is predominantly under agricultural or urban land use.	Natural forest – a forest that is a natural ecosystem. Natural forests possess many or most of the characteristics of a forest native to the given site, including species composition, structure, and ecological function

3.5 Risk assessment

Regarding risk assessment under Article 10, information is primarily required at the level of country or part thereof and sources focusing on the area of production of commodities such as MSPO certification need to be augmented. Government data could therefore be of significant utility in supporting Malaysian producers to access global markets. However, there are several gaps to be considered:

- **There is a significant lack of availability of data in formats or at the level of detail required by EU operators.** In several areas, data is not officially reported or is inaccessible, which means that supply chain actors are likely to be compelled to rely on third-party sources, particularly NGOs, especially for information on deforestation and human rights.
- **Data on indigenous peoples in Malaysia is scarce, creating challenges for EU operators to meet due diligence requirements under Article 10(2)(c).** Only Peninsular Malaysia and Sarawak consistently classify indigenous peoples by ethnicity, although district-level data on the Orang Asal population in Sarawak is not published. The main source of data, the Population and Housing Census, is conducted every 10 years, with the latest in 2020. However, the census only provides tabular information without spatial data or maps showing the locations of Orang Asal or Orang Asli populations. In Sabah, significant data gaps exist, as the 2020 Census did not allow specific indigenous groups to be identified due to the broad classifications used.

Opportunities for Malaysia

Aligning Malaysian information sources with requirements associated with global regulations offers opportunities to maintain and improve market access for domestic producers and strengthen palm oil sector governance. The following points should be considered to support alignment with global information requirements for legal and deforestation-free palm oil.

- **Identify and publish information on 'deforestation-free' plantations,** i.e. those established on land deforested before 31 Dec 2020 as per the EUDR/FAO definition, to support due diligence by EU operators and promote collaborative efforts to develop accurate and consistent forest maps following these definitions.
- **Enhance the MSPO standards.** Revise geolocation information requirements in the MSPO standards and traceability system by incorporating polygon mapping for plantations >4ha and include verification requirements for accredited certification bodies.
- **Accelerate smallholder oil palm plantation mapping** under MPOB's GeoPalm Portal and create interoperability with other relevant national systems such as MSPO Trace.
- **Expand use of the MSPO segregated supply chain model** to help facilitate full traceability from plantation to point of export.
- **Expand reporting requirements in the MSPO certification** and adjust public summaries of annual audit reports to include information relevant for due diligence

risk assessment, inter alia, presence of forests, indigenous peoples, traceability and substantiated concerns.

- **Improve transparency of information on indigenous peoples**, including location maps, to support due diligence by EU operators.
- **Make public summaries of information gathered as part of MSPO certification publicly accessible** – such as High Conservation Value (HCV) assessments, Environmental Impact Assessments (EIA), Social Impact Assessments (SIA), etc.
- **Create interoperability between relevant government information systems to facilitate enhanced traceability.** Address fragmentation of information necessary for EUDR due diligence by creating interoperability between platforms such as MPOB's SIMS and GeoPalm portal, and MSPO's traceability system.
- **Enhance MPOB's Prestasi Sawit data to better support due diligence information needs** under Article 10 and country risk assessment under Article 29; for example, plantation data currently does not distinguish between estates and smallholders, and does not include reporting of fresh fruit bunches (FFB) yields.

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Cover photo: Oil palm plantation with buffer zone beside river, near Kampung Aur Gading, Pahang, Malaysia. **EFI.**

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