

Total loses bid for palm oil tax break

11 October 2019



Total argued that it was unfair to single out palm oil

France's constitutional court rejected on Friday a bid by oil firm Total to secure a tax break for using controversial palm oil to create biofuel.

French legislators in 2018 excluded [palm oil](#) from [biofuel](#) inputs eligible for tax breaks, which threw a spanner in the financial works for a Total refinery under construction slated to use considerable amounts of imported palm oil as feedstock.

Environmentalists say palm oil drives deforestation, with vast areas of Southeast Asian rainforest having been logged or set ablaze in recent decades to make way for plantations.

In addition to releasing vast amounts of greenhouse gas carbon dioxide, this has threatened the habitat of orangutans and other endangered species.

Total attacked the legal change as violating the principle of equal treatment by singling out palm oil.

However the constitutional court rejected that argument, saying French "legislators, knowing about the global palm oil farming conditions, used

objective and rational criteria" towards achieving the goal of reducing emission of greenhouse gases.

Taxes and tax breaks are important in the relative profitability and cost to consumers of biofuels compared to [fossil fuels](#).

When launching the La Mede biorefinery earlier this year Total pledged it would process no more than 300,000 tonnes of [palm](#) oil per year—less than half of the total volume of raw materials needed and that would be certified as being sustainable according to EU standards.

It said the certification ensured there had been no deforestation to produce the oil and would result in at least a 50 percent reduction in carbon emissions compared to fossil fuels.

© 2019 AFP

APA citation: Total loses bid for palm oil tax break (2019, October 11) retrieved 24 November 2020 from <https://phys.org/news/2019-10-total-palm-oil-tax.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.