

Management of Sustainable Palm Oil : The World Needs and Indonesian Commitment

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ABSTRACT--- *The European Union has endorsed a draft proposal of energy which remove palm oil as the material basis of sustainable biofuels by 2021. It was done because the palm oil is considered as a cause of deforestation that increases the concentration of greenhouse gas emissions that cause global warming (climate change). This proposal is detrimental to Indonesia and shows injustice in the palm oil trade mechanism. This is inseparable from the position of Indonesia as one of the largest palm oil producers in the world and the value of palm exports which is quite significant for Indonesia. This paper will analyse Indonesian commitment related to the management of sustainable palm oil from the normative concept, availability of adequate regulation, and implemented aspects in several Provincial/District/City. This article expects to provide the reason for Indonesia to urge the European Union in order to receive the palm oil as a source of sustainable energy. The results of this article show Indonesia has had normative frame to manage sustainable palm oil. However, in implemented aspects including the Indonesian policy is considered still some weaknesses, in particular the issue of transparency and accountability.*

Keywords--- *EU Palm Oil Ban; Sustainable Palm Oil; Government Policy*

I. INTRODUCTION

The European Union considers that the existence of the expansion of the plantation of palm oil become an environmental damage factors. It is evident from the attachment in the Delegated Act which lists the reports related to the best scientific data available from 2008 as the early years of calculations related to EU sustainability criteria for biofuels. Data shows that there is a close link between the expansion of oil palm plantations and the highest deforestation rate during 2008-2015, which is 45% of oil palm expansion is in areas with high carbon stocks. The European Union endorsed a draft energy proposal which remove palm oil as raw material sustainable biofuels by 2021. This policy is considered detrimental to Indonesia because palm oil is the leading commodity that is a financial support for Indonesia State Revenues. According to the data, in 2017 the value of oil exports reached USD 15,385.30 Million. It means that 10.23 % of Indonesia's total exports come from oil palm (Hudori, 2017).

The principle of sustainable palm oil management basically emphasizes the 3P principle, namely Planet, People, and Profit, which is adopted from the *Millennium Development Goals* concept. Therefore, the 3P should be put on achieving a balance where the commitment of government to prioritize the sustainability of the planet

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specifically the environment. When maintaining of the Planet is done very well, the second principle of 3P, the People, also will be realized because the needs of life are required by People will be obtained from the existence of good and healthy planet. The existence of society that meets the needs of the Planet and People, then the third principle, Profit, will be fulfilled. Suitability of the Planet, People, and Profit will create a balance and conversely the discrepancy between the three of them will cause global destruction.

In the policy and regulation level, Indonesia has various palm oil management policies as its commitment to guarantee sustainable palm oil management. Indonesia has issued some relevant regulation such as the Indonesia Sustainable Palm Oil (ISPO) and the Presidential Instruction No. 8 of 2018 concerning the Palm Moratorium. In the context of Indonesian policy on sustainable palm oil, Indonesia has issued a policy on the National Action Plan for Sustainable Palm Oil (RAN KSB) in 2018-2023, which one of its attribution is to the establishment of the Sustainable Palm Oil Communication Forum (FoKSBI). Indonesia also has issued the Peat Restoration Agency (BRG) to improve the governance of Peat which has become the spotlight of the international community.

Regarding to some of the policies as mentioned previous, they still need to be evaluated, particular in the issue of access to information on land use rights (HGU) by companies and the palm oil total area. The HGU is considered to create land tenure conflicts with the community, due to the difficulty in verifying HGU land by the community. Related to the area of the palm oil, according to Sawit Watch, the area of Indonesia's palm oil land reaches 22 million hectares, but the productivity of this land area per hectare only reaches 3.98 tons per ha / for companies while for smallholders only 3.21 tons per / Ha. This is considered to be less than the maximum when compared to Malaysia which is able to produce 4.12 tons of CPO per / Ha for companies, and for smallholder plantations is only able to produce 4.00 tons per / Ha. Total area of Indonesian palm oil land is predicted to continuously increase with indications of land clearing by oil palm plantation companies will become easier due to an *Online Single Submission* mechanism issued by the Government. The focus of this paper, therefore, is to analyse Indonesian commitment to realize the management of sustainable palm oil, which is a response to the prohibition the European Union for biofuel are made from palm oil.

II. METHODOLOGY

This research is a normative study. Its data will be provided from primary and secondary legal materials. The primary legal materials resulted from some relevant laws and legislation. In addition, the secondary legal materials obtained from various literature, journals, and books. Those legal material collected are analysed descriptively related to the problems and prescriptively related to the norms that must be enforced to realize sustainable management of palm oil in Indonesia.

III. RESULTS

EU Ban on Biofuel resulted from Palm Oil

As a community of countries that upholds the principle of sustainable development, the EU is committed to ensuring bioenergy sustainability and moving forward to meet the energy and climate targets of 2020 and 2030. To achieve this goal, the EU is building Union Energy which aims to provide assurance of safe, affordable, and sustainable energy (Rist et al., 2010). In addition, the EU also issues directives sustainable energy that serve as

guidelines for the implementation of sustainable energy in the EU. The EU is committed to use sustainable energy to reach 32% of total energy, which is used in 2030.

Biofuel is an important element in the direction of the EU sustainable energy, but indeed the necessary specific rules associated with the production of raw materials from sustainable biofuel is needed and it does not come from deforestation through land conversion indirectly (Indirect Land Use Change /ILUC). In the direction of the EU sustainable energy, it is determined the approach used to ensure that crops used for biofuel production is not derived from: (1) the area of deforestation or peatland; and (2) the high carbon stocks and high conservation value areas. Therefore, there is no specific prohibition on certain commodities but only a prohibition on the use of biofuel produced from plants originating from the two reasons as mentioned.

In 2024, the EU is also committed to phasing out the use of biofuels in certain types gradually to realize the target use of sustainable energy. It is set in the Delegated Act (implementing rules the European Commission) and the annexes reports, which the Delegated Act made based on the best scientific data ranging from 2008 to 2015. In 2008, it actually became the beginning of the natural time limit in the sustainability criteria of biofuels for the EU. In this report, it is explained that there is a relationship between palm oil and deforestation. 45% of oil palm expansion occurs in areas that have high carbon stocks (Hudori, 2017). This argument is on top of being the EU reason to exclude a palm oil as one of sustainable energies in the EU. This implies that the palm oil will no longer have the incentive as sustainable energy in the EU (Obidzinski et al., 2012). Some exceptions to the EU policies that continue to receive incentives are oil palm land produced with ILUC certification, oil palm land coming from untapped critical land, and land owned by small farmers who have land under 2 Ha.

In this context, Indonesia basically does not have to worry about the EU policy excluding the palm oil as sustainable energy. According to Edi Sutrisno from Transparency for Justice (TUK) Indonesia quoted from Mongabay, the palm oil is banned only for biofuel, while refined palm oil products are still needed for processed foods that also have a great demand. In addition, Edi Sutrisno encourage the government to be serious in building refined palm oil industry because Indonesia does not develop *Crude Palm Oil* (CPO). Developing this industry can increase the added value for the palm oil products that have an impact on the increased economic value of the palm oil. Therefore, domestic oil absorption will be maximum.

Implementation of Palm Oil Policy

Management of Sustainable Palm Oil Policy

In the implementation of the RSPO regulations which began to take effect in 2006, the RSPO has shown efforts to improve sustainable palm oil governance. However, there are some notes to be evaluated from the RSPO implementation. There are six main problems of the RSPO implementation as stated by Ann-Kathrin et al (2014), namely: (1) lack of incentives to switch to supply chain systems; (2) certification and gaps; (3) non-uniform and non-independent audit; (4) bureaucratic complaints procedure; (5) run away from responsibility; and (6) shortages and limited effects. The interesting aspects of the implementation of the RSPO regulations to be evaluated is the existence of the RSPO as a joint initiative of industry and civil society organizations who are in the chain of production and marketing of palm oil, as well as the absence of effective sanctions mechanisms. This creates image that those who have obtained the RSPO certificates do not necessarily apply the principles of

sustainable palm oil management, moreover companies that have not yet received the RSPO certificates. In addition, the lack of access to information to communities in the affected areas has implications for the inadequate complaint mechanism that has been provided by RSPO for affected communities.

Regarding ISPO as Indonesia's domestic regulation, it is also not much better than the RSPO which is an international initiative (Afiff, & Rachman, 2019). In evaluating the implementation of ISPO until 2016, the institution which was given the authority to provide ISPO certification was considered slow. As a system of certification, ISPO requires specific institutional -the ISPO Commission- for the sake to fulfil the ISPO purposes. The ISPO Commission has the authority to perform the ISPO Secretariat, the Assessment Team, Certification Complaints Resolution Committee, and the Arbitration Panel / Appeal. In addition, the ISPO Commission is also responsible for ensuring all matters regarding personnel certification bodies, consultancy, training institutions, auditors, and consultants companion. The main duty of the ISPO Commission is to set and decide the outcome of the ISPO certification. According to the analysis of 6 years ISPO appraisal of Forest Watch Indonesia, the competencies of the ISPO Commission is too large and affect its workings. As of 2016, of the approximately 800 oil palm plantation companies are still in the registration stage, and 115 other companies are still in the process of being assessed. In addition to the large authority, the most important things to be considered is the necessary of adequate supervision to maintain its independence and credibility. Evaluation of some of the principles, criteria and indicators in the implementation of the ISPO is considered unable to answer the fundamental problems in the governance of palm oil such as deforestation, overlapping with indigenous / local people, and the permission of other concessions, encroachment of natural forest (including those with high conservation value), social conflicts and tenure, forest fires.

Another problem of the implementation of the palm oil moratorium can be found in several research objects in several districts in South Sulawesi such as Pinrang, Enrekang, Wajo, and East Luwu districts. Those Districts are the centres of production of oil palm plantations in South Sulawesi, where they generally do not get maximum information related to the palm moratorium. The results of interviews conducted at the Office of Plantation or Agriculture Councils in all four districts showed that the number of employees who are currently evaluating the existing palm oil plantation including to palm oil farmers is inadequate to do the INPRES Moratorium. In addition, it is found also the limitations of the number of employees of the Plantation or Agriculture Councils in all four districts in evaluating palm oil plantations. This has an impact on the difficulty in conducting coaching to the palm oil farmers (Qodriyatun, 2016).

Information Disclosure

The information disclosure is very important in the modern era to provide a good and clear information in order to increase community participation in sustainable palm oil. The most community providing attention to improve sustainable palm oil, the easier for Indonesia to get the trust of the international community that Indonesia has developed openly and transparently of sustainable palm oil without deforestation that has implications for environmental damage as stated by the EU. The Indonesian government policy to refuse to open the information of concession ownership HGU needs to be reviewed because the policy is deemed inconsistent with a commitment to sustainable palm oil management, as stated in one of the main principles of the RSPO, namely commitment to transparency.

Indonesia shall open up ownership data of HGU after the release of the decision of the Supreme Court (MA) No. 121 K / TUN / 2017 ordered the Ministry of Land and Spatial to open the holder's name of HGU, location, land area, the area map, and commodity produced on the land. However, the Indonesian government policy ignores to open those information by the issuing of Letter of Deputy for Food and Agriculture of the Ministry of Economy No. TAN.03.01 / 265 / D.II.M.EKON / 05/2019, which in principle to close those information related to oil palm plantations. So that this policy is considered counter-productive with Indonesia's commitment to improve sustainable palm oil management.

IV. CONCLUSION

The Indonesian government's commitment to improve governance of sustainable palm oil is indicated by performance the data transparency concession (HGU) in the form of providing access to public information widely so that the public participation can be maximized. Evaluation of sustainable palm certification systems such as RSPO and ISPO must be carried out because there still remain a number of fundamental issues in the management of oil palm plantations such as deforestation, overlapping land with indigenous / local communities or with other concession permits, encroachment on natural forests (including those with high conservation value), social and tenure conflicts, and forest fires. Optimization of development palm oil industry will prevent worries over the attitude of the EU who refuse the palm oil as biofuel energy in the scheme of sustainable palm oil management.

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