Government Encourages Multi Stakeholder Collaboration for Sustainable Palm Oil Development

Jakarta, 07 April 2021

Indonesia is known as the world's largest palm oil producing country and has become a significant vegetable oil supplier at the global level. Despite being hit by Covid-19 pandemic in 2020, Indonesia's export remains positive at the level of USD 22.97 billion, or has 13.6% growth compared to what it had back in 2019. It shows palm oil's significant contribution to Indonesia's reserve assets to maintain positive trade balance.

Reference price for crude palm oil (CPO) in April 2021 reaches its highest level up to USD 1,093.83 per ton, and generates customs duty for CPO export up to USD 116 per ton. This will bring positive impacts on national revenue as well as improve smallholders' welfare at field level in the form of improved Fresh Fruit Bunches (FFB) price.

Palm oil and its derivative products have been used by various industries ranging from food, beauty products, pharmaceutical, and energy. Currently, Indonesian palm oil plantation area reaches 16.3 million hectares, employs more than 16 million workers, and produces more than 35 million tons of palm oil in 2020.

Indonesian palm oil industry has always been built by prioritizing a balance between social, economic and environmental aspect. This is in line with the Government of Indonesia’s (GoI) commitment in sustainable development, which has been specifically regulated in National Medium Term Development Plan (Rencana Pembangunan Jangka Menengah Nasional/RPJMN) 2020 – 2024.

In the plan, sustainable development has been designated as one of the mainstreaming pillars with the goal of providing equal and inclusive development access to the people, as well as safeguarding the environment so that it improves the quality of life of one generation to the next.

"Moving from that context, Indonesia has a strategic position in determining the future of global palm oil industry. Indonesia has committed to sustainable and equitable palm oil industry, not only at national but also at global level," said Coordinating Minister for Economic Affairs, Airlangga Hartarto, during his keynote speech in International Webinar: Sustainable Palm Oil Development in Indonesia, held in Jakarta, Wednesday (7/4).
The latest policy issued by President Joko Widodo to accelerate sustainable palm oil is the Presidential Regulation (Peraturan Presiden/Perpres) No. 44/2020 on the Indonesian Sustainable Palm Oil (ISPO) Certification System.

“This policy obligated all palm oil companies and planters in Indonesia to obtain ISPO Certification as a guarantee that its production has complied to sustainable principles,” said Minister Airlangga.

Prior to the regulation, there was the Presidential Instruction (Instruksi Presiden/Inpres) on National Action Plan for Sustainable Palm Oil (NAP SPO) for 2019 – 2024. The instruction was mandated to 14 line ministries and 26 palm oil producing provinces in Indonesia.

“I believe that cooperation and collaboration in sustainable palm oil development is an inevitability. We cannot work alone without the support of other stakeholders, from upstream and downstream companies, to the community level. Indonesia cannot work alone without international support,” he explained.

Therefore, Government of Indonesia continues to foster multistakeholder collaboration, both from domestic and foreign, to enhance the sustainable palm oil governance so that the implementation of mandated regulation is ensured.

One of the collaboration efforts is the international webinar, organized in collaboration between Government of Indonesia and United Nations Development Programme (UNDP) Indonesia in the framework of Sustainable Palm Oil Initiative (SPOI) program. The webinar, held on 7-8 April 2021, is purposed to convey achievements, updates, and the ongoing program on the sustainable palm oil development policies. Furthermore, this webinar is expected not only to strengthen communication between stakeholders in national and global level, but also to encourage potential collaboration between palm oil buyers and producers.

Resident Representative of UNDP Indonesia, Norimasa Shimomura and Vice Minister of Foreign Affair, Mahendra Siregar, provided their remarks in the event. (dep2/rep/fsr)

***

Head of Communications, Information Services, and Conferences
Coordinating Ministry for Economic Affairs
Haryo Limanseto

Website : www.ekon.go.id
Twitter, Instagram : PerekonomianRI
Email : humas@ekon.go.id